



North Carolina Department of Health and Human Services

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MEMORANDUM

TO: Area Directors

FROM: Richard J. Visingardi, Ph.D.
Director, DMH/DD/SAS

Gary H. Fuquay
Interim Director, DMA

SUBJECT: Policy Agreements Regarding New Mental Health, Developmental Disabilities,
and Substance Abuse Benefits and Benefit Packages

DATE: October 22, 2003

One of the most critical elements of mh/dd/sa system reform is the conversion of the service delivery system to a model based upon evidence-based best practices. To that end, as required by the *State Plan 2003*, DMH/DD/SAS and DMA have been working together to develop and implement new services definitions and benefit packages. The goal of the new services is to make better utilization of the Rehabilitation Option available under Medicaid, remove nonessential differences between Medicaid and Division-funded services, and follow the best practices and person centered principles that form the basis of our reform efforts.

We are pleased to issue the attached update on the agreements we have reached thus far on some major policy issues related to the redesigned mh/dd/sa services and benefit packages. Although there is still much work to be done, we believe that reaching consensus in these broad policy areas will greatly facilitate our work on the more detailed issues that must be addressed.

We understand that in order to achieve a July 1, 2004 implementation date the redesigned service definitions, benefit packages and rate methodology must be adopted as quickly as possible. You have our commitment to continue to work diligently on these matters and to communicate with you as soon as major decisions are made. We have pledged to finalize all implementation decisions and details, subject to review and approval by the Physician Advisory Group of the North Carolina Medical Society (legislative mandate) and the Centers for Medicare and Medicaid Services, no later than January 15, 2004.

Please feel free to contact us if you have questions.

Attachment

cc: Carmen Hooker Odom
Lanier Cansler
James Bernstein
DMH/DD/SAS Executive Leadership Team

DMA Management Team Patrice Roesler
Carol Duncan-Clayton
Robin Huffman
Fred Waddle



Decisions Regarding MH/DD/SA Benefit Packages and Systems Management

Division of Mental Health Developmental Disabilities and Substance Abuse Services

Division of Medical Assistance

October 22, 2003

- MH/DD/SA services will be covered in two benefit packages.
 - The Basic Benefit package will be a limited number of unmanaged outpatient treatment visits.
 - The Enhanced Benefit package will include new services for target populations that implement the Medicaid Rehabilitation Option and represent best practices. New services in the Enhanced Benefit will bundle services and include service exclusions where appropriate to eliminate the incentive to “stack” billable services.
- All services that currently receive direct reimbursement from DMA will continue to be directly reimbursed.
- The LME will process claims for services not being directly reimbursed by DMA.
- Reimbursement for all services beyond the agreed upon number of “unmanaged” Basic Benefits visits will be subject to payment authorization by the LME. The State’s contract with the LMEs will specify the Utilization Management criteria for Medicaid-covered services to Medicaid-eligible consumers. Plans for the implementation of this responsibility are still under development, but will follow a phased-in approach.
- The State will establish the provider qualifications and certification requirements for providers of new Enhanced Benefit services. The State has already established the provider qualifications and certification requirements for existing services that will be part of the Enhanced Benefit. In addition, the State will establish the essential elements of a contract (as well as providing a template) between the Enhanced Benefit providers and the LME. The qualifications, certification standards and essential elements of the contract will be included in the contract between the State and the LME. DMA, DMH/DD/SAS and the Office of the Controller, at minimum, will have responsibilities for monitoring LMEs’ performance under the State/LME contract.
- All providers of Enhanced Benefits and those providers of Basic Benefits that wish to receive direct referrals from the LME will be enrolled through the LMEs. Enrollment will require meeting the qualifications, certification standards and having a contract with the LME.
- The State will establish prospective rates for all services.

